

#### **Verifications**

1

### **Up-Front Income Verifications**



- Under the RHIIP Initiative there is a new emphasis on the use of Up-Front Income Verification (UIV) techniques
- HUD estimates that \$600 to \$900 million in income and rent errors are attributable to unreported income

2

### **Up-Front Income Verifications**



 UIV is a key strategy in reducing these errors and has been proven to increase the accuracy and efficiency in determining family eligibility and rent calculations

# **Up-Front Income Verifications**



 Due to the importance of UIV, this concept will be discussed in depth later in this session

4

#### **Verifications Overview**



- Cuts across all occupancy areas
- All information in tenant family's file must be verified and properly documented
- PHAs need to establish verification standards and procedures in the ACOP/Admin Plan
- Documentation and verification is a joint responsibility of the PHA and family
  - Family must provide required paperwork and sign release forms
  - Family must be responsive to requests

5

#### **Overview**



- Verifications are key to high quality administration
- Income verification plays an intricate role in determining family eligibility and the amount of rental subsidy

#### **Release Forms**



- To obtain verifications, a PHA must obtain a release of information from the family member whose info. is being requested
  - HUD Form 9886 (required)
  - Verification request forms for specific types of information
    - PHAs should not use generic release forms

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# Authorization for Release of Information/ Privacy Act Statement (form HUD-9886)



- All adult family members & spouse must sign
- Can be used between regular reexams to verify unreported income
- Applicant's certification that income & other information is accurate and complete

8

# Authorization for Release of Information/ Privacy Act Statement (form HUD-9886)



- HUD-9886 may only be used for verification sources listed on the form
- Valid for 15 months from date of signature

#### **What Must Be Verified**



In this section we will be discussing what must be verified in terms of income and rent issues

10

#### **What Must Be Verified**



- Income, assets and asset income
- Divested assets
- Income exclusions
- Allowances and deductions
- Family composition
- Social security numbers
- Citizenship or Eligible Immigration Status

11

### Verifying Annual Income



- PHAs need a thorough understanding of what constitutes income
- PHAs should not make assumptions about whether someone may or may not have a particular type of income
  - For example, family without children may be receiving back child support payments

# Verifying Annual Income



- Requires PHA staff to conduct a thorough interview
- Initial interview sets the groundwork for future interim/annual reexam interviews
- Purpose is to obtain complete and accurate household income information

13

### Verifying Annual Income



 Many PHAs have gone to mail-in recertifications; it is imperative that the PHA's written materials ask the right questions

14

#### **Zero Income Families**



- A family budget or statement of financial responsibility may be required
- Use up-front verification, for example:
  - SWICA
  - Credit report
- PHAs must attempt to determine the source of income when the family's regular expenditures conflict with their claim of zero income

# Verifying Income Exclusions



 A PHA needs to obtain verification for an income exclusion, if, without that verification, a PHA would not be able to determine whether or not the income is to be excluded

1

### Verifying Income Exclusions



- Depending on the circumstances any or all of the following may need to be verified
  - Source of excluded income
  - Circumstances that qualify family member's income to be excluded
  - Amount of exclusion

17

### Verifying Income Exclusions



- For example, payments received under Title V of the Older Americans Act of 1985
  - The PHA would have to, at minimum, verify the source of that income
- The wages of a child under 18 would be the same situation
  - Verify age verification of amount is not necessary for wages

# Verifying Income Exclusions



- There are also situations where it would be necessary to obtain 3<sup>rd</sup> party of both the source and the amount of the income in order to calculate appropriately, for example;
  - Mandatory earned income disallowance
  - Qualifying State or Local training program income

19

### Verifying Income Exclusions



- Even though the need or type of verification may differ, all exclusions and excluded amounts associated with family members must
  - be declared by the family, and
  - be reported by the PHA in field 7e of the  $50058\,$

20

### Verifying Allowances and Deductions



 PHAs must also take into account all anticipated deductions from annual income to obtain accurate adjusted annual income

#### **What Must Be Verified**



- · Deductions, such as;
  - Family members under 18
  - Age or disability of head or spouse
  - Disability of other family members
  - Full time student status
  - Child care costs
  - Disability assistance expense
  - Unreimbursed medical expenses

22

### Verification and Documentation



- 1. UIV and/or third party written verification
  - To the maximum extent feasible, PHAs should utilize up-front verification sources
    - TASS (Tenant Assessment Sub-System)
    - SWICAs (State Wage Info. Collection Agencies)
    - The Work Number
  - Must not be hand carried by the family
  - Independent, directly from third party by mail, fax, or other reliable means

23

### Verification and Documentation



- 2. Third party oral verification
  - Use where third party written is impossible to obtain or not timely (follow up with written)
  - Phone or interview by PHA staff
  - PHA records information
    - · Date/time of contact
    - · Name and source of information
    - PHA staff name/signature
    - Summary of information
    - · Rationale for using oral verification

### Verification and Documentation



- 3. Document review
  - Record of documents reviewed by PHA which support family's statements
  - Original copies of documents should be reviewed, photocopied (unless prohibited by law), and placed in family's file
  - PHA summarizes information and signs/dates
  - PHA follows-up with written verification and documents why this verification method used

25

### Verification and Documentation



- 3. Document review
  - Examples of documents viewed include:
    - Pay stubs
    - Bank statements
    - · Award letters or benefit checks
    - Child support payment cancelled checks and/or award letters
    - IRS tax forms, including Form 1099, Form 1040, Form 4506 and Form 8821
    - W-2 forms

26

### Verification and Documentation



- 4. Family Declaration or Certification
  - Used only when other methods are impossible
  - Can use notarized statement or signed affidavit from family attesting to information
  - PHA must clearly document why other verification methods were not used

### Verification and Documentation



- PHAs need to establish timeframes for receipt of third party verification before accepting documents provided by the family
  - i.e; 2 weeks and follow up, 4 weeks, 21 days, 30 days, etc.
- Must document in the case file why third party was not available

28

### Verification and Documentation



- The PHA is the final judge of what constitutes adequate and credible verification and documentation
  - If there is doubt about reliability of information, staff should pursue additional information
  - PHA should have reasonable confidence that documentation is accurate
- PHA staff are not required to accept information, simply because it is offered

29

### Verification and Documentation



- PHA should establish reasonable time limits on "age" of documentation sources
  - Generally, documentation that is more than 90-120 days old should be considered "not timely" (obtain new documentation)
    - · Not applicable to date of birth, SSNs, citizenship
  - PHA must verify that an applicant is eligible within 60 days before the PHA issues a voucher (982.201[e])

#### Discussion: Verification Issues



- How should the PHAs resolve discrepancies between third-party verifications and documents (i.e. pay stubs)?
  - a) Always use third-party verification
  - b) Always use information from pay stubs
  - c) Use the method that benefits the family
  - d) Contact the source of third-party verification

#### Discussion: Verification Issues



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# **Up-Front Income Verifications**





37

# **Up-Front Income Verifications**



- Definition: the verification of income through an independent source
  - Before or during family reexamination
  - Systematically and uniformly maintains income information in computerized form for a large number of individuals

38

# **Up-Front Income Verifications**



 HUD strongly encourages that PHAs to use up-front income verification during all required reexaminations of family income

# **Up-Front Income Verifications**



- · Use of up-front income verifications will:
  - Strengthen the income verification process
  - Expedite the process
  - Reduce income and rent errors
  - Promote integrity in the reporting of income
  - Reduce underreporting and unreported income
  - Decrease housing fraud

40

# Types of UIV Techniques



- Tenant Assessment Sub-System (TASS)
- Social Security and SSI benefit information
  - Available to all PHAs through HUD
  - PHAs may contact REAC to obtain a user ID and password
    - <a href="http://hud.gov/offices/reac/online/online\_re">http://hud.gov/offices/reac/online/online\_re</a> gistration.cfm

41

# Types of UIV Techniques



- State Wage Information Collection Agencies (SWICA)
  - PHAs may enter into MOU or MOA with the SWICA to get wage and unemployment data
    - PHAs pay a fee
    - SWICAs may share data electronically or on paper

#### **Private UIV Vendors**



- · Various Private UIV Vendors
  - Provides controlled access to a national database of employment records
  - Provides automated verification of employment and income
  - Data is received from employer on a "per pay period" basis

4

#### **Private UIV Vendors**



- · The Work Number
  - 800-996-7566 or www.theworknumber.com
  - Basic service is free
- · Advanced HR Solutions
  - 800-211-6645 or <u>www.advancedhr.com</u>
  - Free for government agencies
- Experian
  - 888-217-6064 X 1176 or www.experian.com
  - Contact company for cost

\*List is not all-inclusive - other vendors are available

44

# Types of UIV Techniques



- Federal, State and/or Local Government Agencies
  - For example, Department of Social Services, VA, local Child Support Office
  - PHAs may enter into a MOU or MOA

# Types of Income Verified



- All income types may be verified using UIV
  - Wages, social security benefits, disability benefits, pensions etc
  - Income from assets may not be verifiable through UIV

46

#### **UIV Process**



- PHA obtains income verification using UIV prior to obtaining information from family
  - UIV information is available to the PHA during the family reexamination
  - PHA compares UIV information and family disclosed information
  - PHA should inform family of use of UIV

47

#### **Tenant Consent**



- PHA is always required to obtain signature of all family members 18 yrs and older on a consent form authorizing release of information
  - PHAs should review their consent forms to ensure that various methods to verify income are included